

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

Producers 88 (4-89) — Paid Up

**PAID UP OIL AND GAS LEASE  
(No Surface Use)**

THIS LEASE AGREEMENT is made this 10 day of AUGUST, 2008, by and between

JOHNNY L. CUNNINGHAM, HEREIN DEALING IN HIS SOLE AND SEPARATE PROPERTY  
as Lessor (whether one or more), whose address is

2801 NW 25th STREET, FORT WORTH, TEXAS 76106

and DALE PROPERTY SERVICES L.L.C. 2100 Ross Ave Suite 1870 Dallas, Texas, 75201, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

Lot(s) 1, Block 127 of the ROSEN HEIGHTS SECOND FILING, an addition to the City of Fort Worth, Texas, more particularly described by metes and bounds in that certain PLAT MAP recorded in Volume 204, Page 75 of the PLAT Records, Tarrant County, Texas, (2801 NW 25th ST)

in the County of Tarrant, State of TEXAS, containing 0.2 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be 25% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be 25% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

13. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages.

14. Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

15. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

See Exhibit "A" Attached hereto and by reference made a part hereof.

LESSOR (WHETHER ONE OR MORE)

Signature:

Printed Name:

Signature:

Printed Name:

#### ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF TARRANT

This instrument was acknowledged before me on the 10<sup>th</sup> day of August, 2008, by

JOHNNY L. CUNNINGHAM

Notary Public, State of Texas

Notary's name (printed):

Notary's commission expires:

KEVIN F. GAMBLE  
My Commission Expires  
March 07, 2011

STATE OF TEXAS  
COUNTY OF TARRANT

This instrument was acknowledged before me on the \_\_\_\_\_ day of August, 2008, by \_\_\_\_\_

Notary Public, State of Texas

Notary's name (printed):

Notary's commission expires:

#### CORPORATE ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on the \_\_\_\_\_ day of August, 2008, by \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ corporation, on behalf of said corporation.

Notary Public, State of Texas

Notary's name (printed):

Notary's commission expires:

## **EXHIBIT "A"**

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE DATED AUGUST 10, 2008, BETWEEN JOHNNY L. CUNNINGHAM, and DALE PROPERTY SERVICES L.L.C., DESCRIBED AS 0.2 GROSS ACRES, MORE OR LESS, KNOWN AS Lot(s) 1, Block 127 of the ROSEN HEIGHTS SECOND FILING, an addition to the City of Fort Worth, Texas, more particularly described by metes and bounds in that certain PLAT MAP recorded in Volume 204, Page 75 of the PLAT Records, Tarrant County, Texas.

THE PROVISIONS OF THIS EXHIBIT SUPERSEDE ANY PROVISIONS TO THE CONTRARY CONTAINED IN THE LEASE TO WHICH EXHIBIT IS ATTACHED.

Notwithstanding anything in this Lease to the contrary:

1. Minerals Leased. This lease is limited to oil, gas and other hydrocarbons and substances normally associated with the production of oil and gas, but this lease does not include gravel, uranium, fissionable materials, coal, lignite or any hard minerals or substances of any type which shall be produced from the leased premises. Lessee shall not use ground water in its operations whether under the leased premises or adjacent lands.
2. Surface Waiver. Lessee shall not use the surface of all or any portion of the leased premises, whether under the Lease or otherwise, including, without limitation, use of the surface of the leased premises to explore, drill or mine for, produce, store, process, market and transport any oil, gas or other minerals conduct seismic or ingress and egress without the prior written consent of Lessor (which consent can be withheld in Lessor's sole discretion). This waiver shall not be considered as a waiver, release or relinquishment by Lessee of any right, title or interest of Lessee in the oil and gas on or under, or that may be produced from the leased premises or an portion thereof (whether under the Lease or otherwise), except as to the surface use rights incident thereto for which consent to use is not given by Lessor as provided above.
3. Paying Quantities. As used in this Lease, the term "paying quantities" means revenue from the sale of production from a well sufficient to return a profit, after deduction of royalties, overriding royalties and production taxes, over and above all direct operating costs, but not including capital costs or district office overhead not directly attributable to the leased premises, for any consecutive twelve (12) month period.
4. Royalties. The royalties to be paid by Lessee on gas, including casinghead gas or other gaseous substances produced from the leased premises or sold or used on or off the leased premises or for the extraction of gasoline or other products therefrom, shall be 25% of the market value at the point of sale (not at the wellhead) of gas or other gaseous substances so sold or used; however, in no event shall the royalty paid to Lessor be less than the Lessor's royalty share of the actual amount realized by the Lessee from the sale of oil and/or gas. "Market value" means the highest price obtainable by Lessee in the same or nearest field for gas or other substances of the same character, quantity and quality from an arms-length competitively negotiated contract. Lessor's royalty shall be calculated free and clear of all costs and expenses of drilling, completing and operating the wells and post production costs, including, but not limited to, costs for storing, gathering, compression, treatment, processing, transportation, dehydration, marketing, construction, operation or depreciation of any improvements such as pipelines, plant or other facilities. All such post production costs shall be added back to determine the amount realized by Lessee in the sale of oil and gas for purposes of calculating Lessor's royalty; provided however Lessor's royalty shall be subject proportionately to any post production costs under Lessee's gas purchase contract with non-affiliated third party covering the sale of production from the leased premises. Lessor's royalty shall bear its proportionate share of ad valorem taxes and production severance, or other excise taxes. Royalties on oil, gas and other substances produced and saved hereunder which are processed in a processing plant in which Lessee, or an affiliate of Lessee, has a direct or indirect interest, shall be calculated based upon the higher of the proceeds received or the market value of the products so processed. Similarly, on oil, gas and other substances produced and saved hereunder which are sold to an affiliate of Lessee, royalties shall be paid based upon the higher of the market value of the gas or products so sold and the proceeds received by Lessee for said products. As used herein, the term "affiliate" means (i) a corporation, joint venture, partnership, or other entity that owns more than 10% of the outstanding voting interest of Lessee or in which Lessee owns more than 10% of the outstanding voting interest; or (ii) a corporation, joint venture, partnership, or other entity in which, together with Lessee, more than 10% of the outstanding voting interest of both the Lessee and the other corporation, joint venture, partnership, or other entity is owned or controlled by the same person, or group of persons. Annual shut-in royalty will be \$100.00 per well. After the expiration of the primary term, Lessee shall not have the right to continue this Lease in force by payment of shut-in royalty for more than one single period of two years or three years in the aggregate of shut-in periods during a five year period.
5. Shut In: If there is a gas well on this Lease capable of producing in paying quantities, but gas is not being sold for a period of 60 consecutive days, Lessee shall pay or tender in advance \$100.00 per well annual royalty from each well from which gas is not being sold. After the expiration of the primary term, the right of Lessee to maintain this Lease in force by payment of shut-in gas royalty is limited to no more than two (2) consecutive years and a cumulative (3) three years within any ten (10) year period.
6. Pooling / Unitization. All of the leased premises will be included in one or more pooled units prior to the end of the primary term, and failure to do so will cause termination of this Lease. The entire leased premises must thus be producing in paying quantities or deemed to be producing in paying quantities by virtue of payment of shut-in royalties in order to extend the term of this Lease. Lessee's right to pool under this Lease shall be limited to a unit or units no larger than three hundred twenty (320) acres plus the acreage permitted by the "Additional Acreage Assignment" based upon "Horizontal Drainhole Displacement" for Horizontal Wells as provided in Texas Railroad Commission Statewide Rule 86. In the event the Railroad Commission of Texas (or other governmental authority having jurisdiction) requires, as opposed to permits, larger units in order to obtain the maximum production allowable, then the foregoing unit limitations may be enlarged only to the extent to obtain such full allocation.

7. Acreage Retained. This Lease shall continue in force and effect after the primary term or any extension of such primary term as permitted by continuous drilling operations being conducted at the end of the primary term as allowed in this Lease, only as to: (i) that portion of the leased premises actually included at that time in a producing oil or gas unit, if Lessee is not required to pool or unitize all of the leased premises under the terms of this Lease, and (ii) all rights lying below one hundred (100) feet below either (1) the deepest depth drilled in any well drilled on the leased premises or on lands pooled therewith, or (2) the stratigraphic equivalent of the base of the deepest formation producing or capable of producing in any well drilled on the leased premises or on lands pooled therewith, whichever is the deepest. This Lease shall terminate by its terms as to all portions of the leased premises and depths not actually included in such producing unit or units.
8. No Warranty. This lease is made by Lessor without express or implied warranty or covenant of title. All warranties which might arise by common law or by statute, including but not limited to § 5.023 of the Texas Property Code (or its successor) are excluded.
9. Indemnity. **TO THE MAXIMUM EXTENT PERMITTED BY LAW, LESSEE WILL INDEMNIFY, DEFEND AND HOLD LESSOR HARMLESS FROM ANY AND ALL CLAIMS, LIABILITIES, DEMANDS, SUITS, LOSSES, DAMAGES AND COSTS (INCLUDING WITHOUT LIMITATION ANY ATTORNEY FEES) CAUSED BY LESSEE'S OR ITS CONTRACTOR'S OR SUBCONTRACTOR'S ACTIVITIES INCLUDING, WITHOUT LIMITATION, ANY CLAIMS THAT LESSEE'S OPERATIONS THEREUNDER ARE EITHER ILLEGAL, UNAUTHORIZED OR CONSTITUTE AN IMPROPER INTERFERENCE WITH ANY THIRD PARTIES' RIGHTS, OR HAVE DAMAGED THE LANDS OR OPERATIONS OF ADJACENT LANDOWNERS. THIS INDEMNITY SHALL NOT BE APPLICABLE TO DAMAGES RESULTING FROM LESSOR'S NEGLIGENCE OR WILLFUL MISCONDUCT.** Lessee, at its own expense, shall maintain a general liability insurance policy (covering both bodily injury and property damage and covering its indemnity obligations under this paragraph, for which Lessor shall be carried as additional insureds) in an amount of at least \$5,000,000 combined single limit. Lessee shall also, at its own expense, carry worker's compensation insurance as required by law. Said policies shall (i) name Lessor as additional insureds (except for the worker's compensation policy, which instead shall include a waiver of subrogation endorsement in favor of Lessor), and (ii) provide that said insurance shall not be canceled unless thirty (30) days prior written notice shall have been given to Lessor. In addition, such insurance provided by Lessee shall be primary coverage for Lessor and/or surface owner when any policy issued to Lessor and/or surface owner is similar or duplicate in coverage, and Lessor's policies shall be excess over Lessee's policies.
10. Offset Wells. In the event an offsetting well producing oil or gas is completed on adjacent or nearby land and is draining the leased premises, or land pooled therewith Lessee must, within sixty (60) days after the initial production from the offsetting well, commence operations for the drilling of an offset well on the leased premises, or land pooled therewith, and must diligently pursue those operations to the horizon in which the offsetting well is producing, or pay Lessor as a royalty each month a sum equal to the royal that that would be payable under this Lease if the production from the offsetting well had come from the leased premises, or land pooled therewith. A producing well located within 330 feet of the leased premises, or land pooled therewith, shall be conclusively presumed to be draining the leased premises, or land pooled therewith.



DALE PROPERTY SERVICES LLC  
ATTN: ANN VANDENBERG  
2100 ROSS AVE, STE 1870, LB-9  
DALLAS TX 75201

Submitter: DALE RESOURCES LLC

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SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401

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**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 10/03/2008 04:08 PM  
Instrument #: D208381323  
LSP 5 PGS \$28.00

By: \_\_\_\_\_



**D208381323**

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE  
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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